



House of Representatives

File No. 543

General Assembly

January Session, 2007

(Reprint of File No. 89)

House Bill No. 7004
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 20, 2007

AN ACT PROMOTING INVESTMENT WITH FEDERAL CREDIT UNIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-24j of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in this section and sections [3-24h] 3-24k and 3-24l:

4 (1) "Community bank" means a bank that is domiciled in this state
5 and has assets of not more than five hundred million dollars; [and]

6 (2) "Community credit union" means a [community credit union, as
7 defined in section 36a-37, which] federal credit union, as defined in
8 section 36a-2, the membership of which is limited to persons or
9 organizations within a well-defined local community, neighborhood or
10 rural district as provided in the Federal Credit Union Act, 12 USC
11 Section 1759(b)(3), as from time to time amended, that has assets of not
12 more than five hundred million dollars or a state credit union that has
13 assets of not more than five hundred million dollars; and

14 (3) "State credit union" means a cooperative, nonprofit financial
15 institution that (A) is organized under chapter 667 and the
16 membership of which is limited to persons within a well-defined
17 community, neighborhood or rural district as provided in section 36a-
18 438a, (B) operates for the benefit and general welfare of its members
19 with the earnings, benefits or services offered being distributed to or
20 retained for its members, and (C) is governed by a volunteer board of
21 directors elected by and from its membership.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	3-24j
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The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Treasurer	GF - See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

Under current law, the Treasurer is permitted to invest up to \$100 million of General Fund cash reserves in community banks and community credit unions. HB 7004 expands the list of approved institutions to include federally chartered credit unions. This provision may result in an increase in the state's investment earnings if increasing the number of financial institutions competing for the state's deposits results in higher rates of return on those deposits.

House "A" strikes the original bill and has the fiscal impact indicated above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 7004 (as amended by House "A")******AN ACT PROMOTING INVESTMENT WITH FEDERAL CREDIT UNIONS.*****SUMMARY:**

This bill makes certain federal credit unions eligible for funds that the state treasurer may make available under a program to provide funding to community financial institutions. Under current law, the treasurer can establish a program under which she may, based on cash availability, make available up to \$100 million for investment in community banks and community credit unions. Current law defines a "community credit union", for these purposes, as a Connecticut credit union with assets between \$10 million and \$500 million and membership limited to people in a well-defined community, neighborhood, or rural district.

The bill changes the definition of community credit union to include federal and state credit unions meeting the same membership limit requirements and \$500 million asset maximum as under current law, but eliminating the \$10 million asset minimum. It defines a state credit union in the same way as the law defines a Connecticut credit union, which is as a cooperative, nonprofit financial institution that (1) is organized under the Connecticut banking laws, (2) has a limited membership, (3) operates for the benefit and general welfare of its members, and (4) is governed by a volunteer board of directors elected by and from its membership.

*House Amendment "A" eliminates the requirement that the credit unions have at least \$10 million in assets and creates the definition of a

“state credit union.”

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 18 Nay 0 (03/06/2007)